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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/798,551

03/12/2004

James J. Darr

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EXAMINER

OYEBISI, OJO O

ART UNIT

PAPER NUMBER

3696

MAIL DATE

DELIVERY MODE

03/31/2008

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/798,551	DARR, JAMES J.	
	Examiner	Art Unit	
	OJO O. OYEBISI	3696	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 20 April 2006.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-24 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-24 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>04/20/06, 11/23/04</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-5, 7-20, 22-24 are rejected under 35 U.S.C. 102(e) as being anticipated by Herman (US PUB NO.: 2002/0035489).

Re claim 1. Herman discloses a method comprising: holding a financial instrument of a first organization in a passive vehicle (i.e., escrow account, see fig.4 element 420); providing, by a second organization, capital to the first organization (i.e., lenders provide loans, see paras 0008) as evidenced by a promissory note secured by the financial instrument; and receiving, by the second organization, a right and/or a benefit that the passive vehicle receives with respect to the financial instrument as repayment of the promissory note (i.e., The insurance policies serve as collateral to the lender for the loan. The insurance premiums are invested in traditional securities to generate an investment return, so that the cash value associated with the policies increases with time. A predetermined cash flow is guaranteed to the foundation by the program, as a function of the number of lives insured, for example. Loan payments are made to the

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lender from the life insurance policy death benefit proceeds and, as needed, from guaranteed mortality reinsurance payments, see paras 0009).

Re claim 2. Herman further discloses the method of claim 1, wherein the passive vehicle holds the financial instrument on behalf of the first organization and the second organization (i.e., escrow account, see fig.4 element 420)

Re claim 3. Herman further discloses the method of claim 1, wherein the right and/or the benefit includes canceling the financial instrument (i.e., terminate said reinsurance policy, see col.32, line 28-30)

Re claim 4. Herman further discloses the method of claim 1, wherein the right and/or the benefit includes distributing all assets contained within the passive vehicle (see paras 0010)

Re claim 5. Herman further discloses the method of claim 1, wherein the right and/or the benefit includes transferring a right and/or a benefit from the financial instrument at any time (see paras 0010)

Re claim 7. Herman further discloses the method of claim 1, wherein the first organization is a non-profit organization (see the abstract)

Re claim 8. Herman further discloses the method of claim 1, wherein the second organization includes a lender. (see fig.1 element 108)

Re claim 9. Herman further discloses the method of claim 1, wherein the financial instrument includes one or more insurance policies (see the summary of the invention)

Re claim 10. Herman further discloses the method of claim 9, wherein the one or more insurance policies insures the lives of a plurality of individuals associated with the first

organization (see paras 0008)

Re claim 11. Herman further discloses the method of claim 10, wherein the plurality of individuals are selected consistent with an actuarial matrix (see paras 0005)

Re claim 12. Herman further discloses the method of claim 11, wherein the first organization is solely responsible for the premiums of the one or more insurance policies (see the summary of the invention)

Re claim 13. Herman further discloses the method of claim 9, wherein the one or more insurance policies is structured as a single premium modified endowment contract (see paras 0034)

Re claim 14. Herman further discloses the method of claim 1, wherein the financial instrument includes variable universal life insurance (see paras 0031 and 0034).

Re claim 15. Herman further disclose the method of claim 1, wherein the passive vehicle includes a trust (see paras 0010)

Re claim 16. Herman further discloses the method of claim 1, wherein the passive vehicle includes a Qualifying Special Purpose Entity (see fig1 element 110)

Re claim 17. Herman further discloses the method of claim 1, wherein the second organization, upon the transfer of the financial instrument by the first organization to the passive vehicle, has an investment classified as an "available for sale investment" under FASB 140 at the full purchase price of the second organization (see paras 0035)

Re claim 18. Herman further discloses a method comprising: taking out one or more policies insuring the lives of a plurality of individuals associated with a non-profit organization (see paras 0022); receiving funds as evidenced by a promissory note

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secured by the one or more policies (see paras 0008-0009); and repaying the promissory note by transferring one or more benefits and/or rights from the one or more policies (i.e., Loan payments are made to the lender from the life insurance policy death benefit proceeds and, as needed, from guaranteed mortality reinsurance payments, see paras 0009).

Re claim 19. Herman further discloses a method comprising: taking out life insurance on insurable interests of a first organization and naming the first organization as beneficiary of the life insurance (see paras 0022); raisings funds for the first organization by at least borrowing funds from a second organization as evidenced by a promissory note secured by the life insurance (see paras 0008-0009); and transferring one or more rights and/or benefits from the life insurance on the insurable interests to the second organization (i.e., Loan payments are made to the lender from the life insurance policy death benefit proceeds and, as needed, from guaranteed mortality reinsurance payments, see paras 0009).

Re claim 20. Claim 20 recites similar limitations to claim 19 and thus rejected using the same art and rationale as in claim 19 supra.

Re claim 22. Herman further discloses the method of claim 20, wherein the first organization is solely responsible for the premiums of the financial instrument (see the summary of the invention).

Re claim 23. Herman further discloses the method of claim 20, wherein the passive vehicle is a Qualifying Special Purpose Entity (see fig1 element 110)

Re claim 24. Herman further discloses the method of claim 20, wherein the second

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organization, upon the transfer of the financial instrument by the first organization to the passive vehicle, has an investment classified as an "available for sale investment" under FASB 140 (see paras 0035).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 6 and 21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Herman.

Re claims 6 and 21. Herman does not explicitly disclose the method of claim 1, wherein the right and/or the benefit includes a call option to acquire the financial instrument from the passive vehicle. However, official notice is taken that option trading is old and well known in the investment world. Thus one of ordinary skill in the art would have been

motivated to go into an agreement to buy the financial instrument at a specified price within a specified time for higher potential return.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to OJO O. OYEBISI whose telephone number is (571)272-8298. The examiner can normally be reached on 8:30A.M-5:30P.M.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Thomas Dixon can be reached on (571)272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Ella Colbert/
Primary Examiner, Art Unit 3696

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